

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2133-01
Bill No.: HB 957
Subject: Education, Elementary and Secondary
Type: Original
Date: March 24, 2015

Bill Summary: This proposal raises the minimum teacher salary for the 2016-2017 school year, subject to appropriation.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	\$0	\$0 to (\$31,174,828)	\$0 to (\$31,174,828)
Total Estimated Net Effect on General Revenue	\$0	\$0 to (\$31,174,828)	\$0 to (\$31,174,828)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Teacher Minimum Salary Fund*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

* Transfer in and out net to zero.

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government*	\$0	\$0	\$0

* Transfer in and out net to zero.

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Elementary and Secondary Education (DESE)** assume this proposal creates the "Teacher Minimum Salary Fund". Our query of information reported to DESE by school districts showed that roughly 5,000 teachers in 410 school districts were paid less than \$30,000. The total amount underpaid was \$12,385,364. For the master's degree and 10 years experience, the query showed roughly 10,000 teachers from 480 school districts impacted for a total of \$18,789,464. The total appropriation required to meet the terms of this proposal would be \$31,174,828 per year.

Officials at the **Office of the State Treasurer** assume this would not have a fiscal impact.

Officials at the **Everton R-III School District** assume this would add an additional \$172,000 annually.

Officials at the **Cole R-I School District** assume an impact but are unsure at this time how much.

Officials at the **Malta School District** assume their current base salary is lower than this proposal and this would have an impact. There are unsure how much at this time.

Officials at the **Kansas City Public Schools, Riverview Gardens School District and Special School District of St. Louis** each assume there is no fiscal impact from this proposal as their school districts already pay teachers above the limit proposed.

Oversight assumes this proposal would require the salary of a starting teacher to be \$30,000 and a teacher with a master's degree to have a starting salary of \$35,000 beginning in the 2016-2017 school year (FY 2017). Oversight notes this proposal requires the money to be appropriated but allows for the proration of the money should the full amount not be appropriated. Oversight will show the impact as \$0 (no money appropriated) to the full amount needed per DESE's calculation.

Officials at the following schools: Blue Springs Public Schools, Branson Public Schools, Caruthersville School District, Columbia Public Schools, Fair Grove Schools, Fulton Public School, Harrisonville School District, Independence Public Schools, Jefferson City Public Schools, Kirksville Public Schools, Kirbyville R-VI Schools, Lee Summit Public Schools, Macon School, Mexico Public Schools, Monroe City R-I Schools, Nixa Public Schools, Parkway Public Schools, Pattonville Schools, Raymore-Peculiar R-III Schools, Raytown School District, Sedalia School District, Sikeston Public Schools, Silex Public Schools, Spickard School District,

ASSUMPTION (continued)

Springfield School District, St Joseph School District, St Louis Public Schools, St. Charles Public Schools, Sullivan Public Schools, Warren County R-III School District and Waynesville Public School did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE			
<u>Transfer Out</u> - Teacher Minimum Salary Fund	\$0	\$0 to (\$31,174,828)	\$0 to (\$31,174,828)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<u>\$0 to (\$31,174,828)</u>	<u>\$0 to (\$31,174,828)</u>
TEACHER MINIMUM SALARY FUND			
<u>Transfer In</u> - General Revenue	\$0	\$0 to \$31,174,828	\$0 to \$31,174,828
<u>Transfer Out</u> - School Districts	\$0	\$0 to (\$31,174,828)	\$0 to (\$31,174,828)
ESTIMATED NET EFFECT ON TEACHER MINIMUM SALARY FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
LOCAL SCHOOL DISTRICT FUNDS			
<u>Transfer In</u> - Teacher Minimum Salary Fund	\$0	\$0 to \$31,174,828	\$0 to \$31,174,828
<u>Costs</u> - Increased Teacher salaries	<u>\$0</u>	<u>\$0 to</u> <u>(\$31,174,828)</u>	<u>\$0 to</u> <u>(\$31,174,828)</u>
ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICT FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

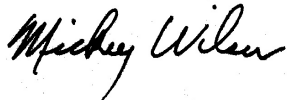
This bill raises the minimum teacher salary beginning in school year 2016-17 from \$25,000 to \$30,000, subject to appropriation. The minimum salary for the holder of a master's degree with at least 10 years' teaching experience is raised from \$32,000 to \$35,000, subject to appropriation, beginning in the 2016-17 school year if the degree is in a field directly related to the teacher's assignment.

The Minimum Teacher Salary Fund is created for moneys appropriated to be distributed to each school district on the basis of the difference between the required minimum salary and the salary reported by the district on core data for each teacher who does not make the minimum salary. If the appropriation is insufficient to meet the need, the Department of Elementary and Secondary Education must prorate the appropriated amount so that the shortfall is equally distributed among all eligible teachers.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Cole R- 1 School District
Department of Elementary and Secondary Education
Everton R-III School District
Kansas City Public Schools
Malta Bend Schools
Office of the State Treasurer
Riverview Garden School District
Special School District of St. Louis

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
March 24, 2015

Ross Strobe
Assistant Director
March 24, 2015